

Message Text

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70

ACTION EB-07

INFO OCT-01 ARA-06 IO-10 ISO-00 CIAE-00 DODE-00 NSAE-00

NSCE-00 SSO-00 USIE-00 INRE-00 AGR-05 CEA-01 COME-00

FRB-03 H-02 INR-07 INT-05 L-02 LAB-04 NSC-05 PA-01

AID-05 CIEP-01 SS-15 STR-04 TAR-01 TRSE-00 PRS-01

SP-02 OMB-01 AF-06 EA-06 EUR-12 NEA-09 OIC-02 /124 W

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O 142159Z APR 75

FM AMEMBASSY BOGOTA

TO US MISSION GENEVA IMMEDIATE 097

INFO SECSTATE WASHDC IMMEDIATE 8082

LIMITED OFFICIAL USE BOGOTA 3393

E.O. 11652: NA

TAGS: ETRD GATT CO

SUBJECT: GATT WP ON COLOMBIAN PROVISIONAL ACCESSION

REF STATE 84233 GENEVA 2550

1. SUGGESTION THAT EXPORT TAX CREDIT CERTIFICATES (CAT'S) WILL BE REPLACED BY BONDS IS BASED ON A MISUNDERSTANDING. BOGOTA 1840 (NOTAL) REPORTED THAT NEW BOND ISSUE WILL REPLACE CAT ON STOCK EXCHANGE. MEANING OF THIS IS THAT CAT, AS A NEGOTIABLE INSTRUMENT, WAS MOST WIDELY TRADED INSTRUMENT ON COLOMBIAN STOCK MARKETS, BUT ITS IMPORTANCE DECLINING AS VALUE OF CAT'S REDUCED. NEW BONDS WILL NOT RPT NOT BE ISSUED TO EXPORTERS BUT WILL BE SOLD ON THE MARKET AS ANY OTHER BOND ISSUE. ONCE ISSUED, HOWEVER, NEW BONDS, BEING FREELY NEGOTIABLE, SHOULD TAKE UP SLACK IN STOCK MARKET TRANSACTIONS CAUSED BY REDUCED TRADING IN CAT'S.

2. ON OTHER HAND, CAT NOT REDUCED QUITE AS DRASTICALLY

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AS INDICATED IN REF B UNTIL JAN 1, 1975, VALUE

OF CAT TO EXPORTERS WAS 15 PERCENT ON NON-AGRICULTURAL ITEMS AND 13PERCENT ON AGRICUTLRUAL EXPORTS, EXCEPT THAT COFFEE AND PETROLEUM WERE EXCLUDED AND A SHORT LIST OF PRODUCTS (E.G. EMERALDS, GOLD) RECEIVED ONLY ONE PERCENT.

BEGINNING JAN FIRST AN EXPANDED LIST OF PRODUCTS RECEIVE ONLY ONE TENTH OF ONE PERCENT BUT ALL OTHER NON-TRADITIONAL EXPORTS BENEFIT BY 5PERCENT OF THEIR VALUE. WHILE REDUCTIONS CAN BE ACCOMPLISHED BY EXECUTIVE ACTION, ABOLISHMENT WOULD REQUIRE LEGISLATIVE ACT.

3. WE AGREE THAT COLOMBIA'S IMPORT SURCHARGES SHOULD BE QUESTIONED. WHEN EXPORT PROMOTION FUND SURCHARGE GOES FROM 3.5 TO 5 PC IN OCT, WITH 1.5 PC COFFEE PROMOTION SURCHARGE AND ONE PERCENT CONSULAR INVOICE FEE STILL IN PLACE, IMPORTS WILL BEAR CHARGES OF AT LEAST 7.5 PC IN ADDITION TO REGULAR IMPORT DUTIES.
VAKY

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Margaret P. Grafeld
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